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To	Wm. Carter		From	D. Edward Phillips	
Co./Dept.	Office of Sec.		On	TN Reg. Authority	
Phone #	800		Phone #	615-741-3192	
Fax #	202-632-6975		Fax #	615-741-2336	

**TENNESSEE REGULATORY AUTHORITY**

Lynn Greer, Chairman  
Sara Kyle, Director  
Melvin Malone, Director

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460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

August 12, 1997

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AUG 13 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Office of the Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, D.C. 20554

**RE: Universal Service - Cost Model**  
**In the Matter of Federal-State Joint Board on Universal Service**  
**CC Docket Nos. 96-45 and 97-160**

I am writing in response to the above referenced Report and Order issued May 8, 1997. In the Order at Paragraph 248, the Federal Communications Commission ("FCC") requested that the States notify the FCC if they were going to elect to conduct their own cost studies for calculating federal universal support. The Order further requested that such studies be submitted to the FCC by February 6, 1998.

Attached is an Order of the Tennessee Regulatory Authority ("TRA") setting forth that at this time, the TRA is electing to develop its own cost studies to be submitted to the FCC in February. As the TRA Order states, we currently are processing three dockets in which cost models will be developed and relied upon. Therefore, at this time we see some benefit in considering such models for purposes of federal funding of universal service.

We recognize that any model submitted by the TRA will need to meet the Commission's criteria. To that end, the TRA expects that there will be cooperation between our staff and the staff of the FCC in the development of both the Tennessee and FCC cost study models. Consequently, at this time, we would expect that any model submitted by the TRA will meet the FCC's criteria.

If you have any questions regarding this matter, please let us know.

Sincerely,

H. Lynn Greer, Jr.  
Chairman

cc: Director Sara Kyle  
Director Melvin Malone  
Sheryl Todd, FCC Accounting & Audits Div.  
Austin Lyons

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY**  
**NASHVILLE, TENNESSEE**

August 13, 1997

AUG 13 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**In Re:**

**Universal Service Generic  
Contested Case**

**Docket No. 97- 00888**

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**ORDER REGARDING COST MODEL FOR  
UNIVERSAL SERVICE**

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This matter comes before the Tennessee Regulatory Authority ("Authority") in response to the Federal Communications Commission's ("FCC") Report and Order issued May 8, 1997, In the Matter of Federal-State Joint Board on Universal Service, ("FCC Order") CC Docket No. 96-45. In response to the Order, the Authority finds as follows:

1. The FCC Order discussed the determination of forward-looking economic cost studies for calculating federal universal service support. In Paragraph 248, the FCC Order states:

Therefore, as the basis for calculating federal universal support in their states, we will use forward-looking economic cost studies conducted by state commissions that choose to submit such cost studies to determine universal support. As discussed further below, we today adopt criteria appropriate for determining federal universal service support to guide the states as they conduct those studies. We ask the states to elect, by August 15, 1997, whether they will conduct their own forward-looking economic cost studies. States that elect to conduct such studies should file them with the Commission on or before February 6, 1998.

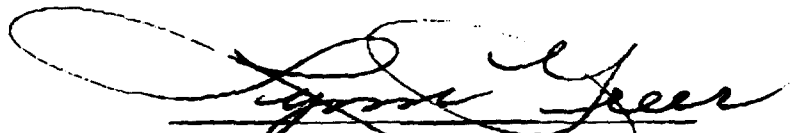
2. The Authority notes that it currently has the following dockets open: *Universal Service Generic Contested Case, Docket No. 97-00888; Petition of AT&T Communications of the South Central States, Inc., For the Purpose of Convening a Generic Contested Case for the Purpose of Access Charge Reform, Docket No. 97-00889; and Petition to Convene a Contested Case Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements, Docket No. 97-01262.*


3. The Authority expects that various models will be considered in the aforementioned dockets. Through the processing of the various dockets, the Authority believes that the appropriateness of the various models will be considered and that a model will be developed for purposes of calculating the federal support of universal service.


4. Therefore, at the August 5, 1997, Conference, the Directors voted to inform the FCC that, at this time, the Authority plans to develop a model to be submitted to the FCC by February 6, 1998. The Directors expect that there will be cooperation between the Authority Staff and the FCC with regard to the development of both the Tennessee and FCC cost study models.

**IT IS THEREFORE ORDERED THAT:**

1. The Authority, at this time, plans to submit its own cost study model to the FCC by February 6, 1998.

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

ATTEST:

  
EXECUTIVE SECRETARY